

**KISATCHIE-DELTA REGIONAL PLANNING  
AND DEVELOPMENT DISTRICT, INC.**

**ANNUAL FINANCIAL REPORT**

**FOR THE YEAR ENDED JUNE 30, 2004**

*Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.*

Release Date 12-8-04

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September 16, 2004

### **INDEPENDENT AUDITORS' REPORT**

Kisatchie Delta Regional Planning and  
Development District, Inc.  
Alexandria, Louisiana

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Kisatchie Delta Regional Planning and Development District, Inc. as of and for the year ended June 30, 2004, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Kisatchie Delta's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Kisatchie Delta Regional Planning and Development District, Inc. as of June 30, 2004 and the respective changes in financial position, thereof for the year then ended in conformity with accounting principles generally accepted in the United States.

As described in Note 1, the District has implemented a new financial reporting model, as required by the provisions of GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, as of June 30, 2004

The management's discussion and analysis and budgetary comparison information listed in the accompanying table of contents are not a required part of the financial statements but are

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**INDEPENDENT AUDITORS' REPORT**

**SEPTEMBER 16, 2004**

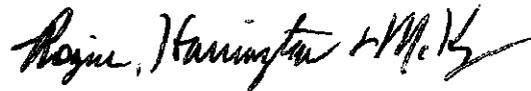
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supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquires of management regarding the methods of measurement and presentation of the required supplemental information. However, we did not audit the information and express no opinion on it.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 16, 2004 on our consideration of the Kisatchie Delta's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Kisatchie-Delta's basic financial statements. The combining financial statements listed in the table of contents are presented for the purpose of additional analysis and are not a required part of the general purpose financial statements of the Kisatchie Delta Regional Planning and Development District, Inc. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly presented in all material respects in relation to the basic financial statements taken as a whole.



ROZIER, HARRINGTON & MCKAY  
Certified Public Accountants

# **KISATCHIE-DELTA**

## **REGIONAL PLANNING AND DEVELOPMENT DISTRICT, INC.**

### ***Management's Discussion and Analysis***

***For the Year Ended June 30, 2004***

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This section of Kisatchie-Delta Regional Planning and Development District's annual financial report presents our discussion and analysis of the District's financial performance during the year ended June 30, 2004. Because Kisatchie-Delta is implementing new reporting standards for this fiscal year with significant changes in content and structure, much of the information is not easily comparable to prior years. However, in future years, comparisons will be more meaningful and will provide additional explanations of Kisatchie-Delta's financial position and results of operations.

### **OVERVIEW OF FINANCIAL STATEMENTS**

The basic financial statements include government-wide financial statements and fund financial statements. These two types of financial statements present Kisatchie-Delta's financial position and results of operations from differing perspectives, which are described as follows:

#### **Government –Wide Financial Statements**

The government-wide financial statements report information about Kisatchie-Delta as a whole using accounting methods similar to those used by private-sector companies. These report all revenues and expenses regardless of when cash is received or paid. Furthermore, the government-wide statements include all of Kisatchie-Delta's assets and all of its liabilities (including long-term debt). Expenses incurred in connection with the operation of Kisatchie-Delta's programs are reported as governmental activities. The governmental activities are financed by grants, fees and membership dues.

#### **Fund Financial Statements**

Fund financial statements provide detailed information regarding Kisatchie-Delta's most significant activities and are not intended to provide information for Kisatchie-Delta as a whole. Funds are accounting devices that are used to account for specific sources of funds. Kisatchie-Delta's funds are all classified as governmental funds. These funds are used to account for essentially the same functions that are reported as governmental activities in the government-wide financial statements. However, unlike government-wide financial statements, the governmental funds use a modified accrual basis of accounting that provides a short-term view of Kisatchie-Delta's finances. Assets reported by governmental funds are limited to amounts that are available for current needs. In addition, liabilities are limited to amounts that are expected to be paid from currently available assets.

### **FINANCIAL ANALYSIS OF KISATCHIE-DELTA AS A WHOLE**

Government-wide financial data for Kisatchie-Delta are presented as follows:

#### **Net Assets**

A condensed version of the government-wide Statement of Net Assets is presented as follows:

# **KISATCHIE-DELTA**

## **REGIONAL PLANNING AND DEVELOPMENT DISTRICT, INC.**

### ***Management's Discussion and Analysis***

***For the Year Ended June 30, 2004***

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#### **Assets:**

Current and Other Assets	\$ 1,183,697
Capital Assets	5,702
<b>Total Assets</b>	<b>1,189,399</b>

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#### **Liabilities:**

Current and Other Liabilities	11,214
Long-term Liabilities	1,484,512
<b>Total Liabilities</b>	<b>1,495,726</b>

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#### **Net Assets:**

Invested in Capital Assets	5,702
Unrestricted	(312,029)
<b>Total Net Assets</b>	<b>\$ (306,327)</b>

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In order to promote economic development, Kisatchie-Delta has borrowed \$2,000,000 from the USDA's Intermediary Relending Program (IRP) for the purpose of establishing a revolving loan fund. Kisatchie-Delta's IRP loan program has originated numerous loans and these loans have experienced a substantial rate of default. Due to losses associated with these problem loans, liabilities currently exceed assets and Kisatchie-Delta has a substantial deficit in unrestricted net assets. However, long-term liabilities are payable in annual installments, which are due over a series of years. Since, payments are structured over a series of years, Kisatchie-Delta has sufficient resources on hand to meet its ongoing obligations for the foreseeable future.

#### **Changes in Net Assets**

A condensed version of the government-wide Statement of Changes in Net Assets is presented as follows:

#### **Revenues:**

Program Revenue:	
Charges for Services	\$ 101,102
Operating Grants and Contributions	159,331
General Revenue:	
Membership Dues	39,150
Miscellaneous	6,584
<b>Total Revenue</b>	<b>306,167</b>

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# **KISATCHIE-DELTA**

## **REGIONAL PLANNING AND DEVELOPMENT DISTRICT, INC.**

### **Management's Discussion and Analysis**

**For the Year Ended June 30, 2004**

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**Program Expenses:**

General Government	
Finance & Administrative	22,654
Economic Development	
Federal Procurement	47,034
EDA Regional Planning	69,218
Business Loans	99,891
Enterprise Zone Projects	10,104
Rural Business Enterprise	5,020
Renewal Community Projects	7,829
Delta Regional Assistance	30,999
Hazard Mitigation Assistance	15,442
<u>Total Expenses</u>	<u>308,191</u>
Change in Net Assets	(2,024)
<u>Net Assets Beginning</u>	<u>(304,303)</u>
<u>Net Assets Ending</u>	<u>\$ (306,327)</u>

As presented above, Kisatchie-Delta's net assets have decreased slightly as a result of current operations. The slight decrease is a substantial improvement from results experienced in recent years. This improvement was accomplished by limiting IRP loan losses.

### **FINANCIAL ANALYSIS OF KISATCHIE-DELTA'S FUNDS**

Activity for Kisatchie-Delta's major funds and the aggregate remaining funds is presented as follows:

	<u>Revenues</u>	<u>Expenditures</u>	<u>Other Sources And Uses</u>	<u>Excess (Deficiency)</u>
General Fund	\$ 58,125	\$ 38,232	\$ (22,219)	\$ (2,326)
EDA	50,000	69,218	18,000	(1,218)
Intermediary Relending	72,861	147,480	---	(74,619)
Federal Procurement	45,402	47,034	3,370	1,738
Delta Regional Authority	42,000	30,999	---	11,001
Other Governmental Funds	37,779	38,395	849	233
<u>Total</u>	<u>\$ 306,167</u>	<u>\$ 371,358</u>	<u>\$ ----</u>	<u>\$ (65,191)</u>

# **KISATCHIE-DELTA**

## **REGIONAL PLANNING AND DEVELOPMENT DISTRICT, INC.**

### ***Management's Discussion and Analysis For the Year Ended June 30, 2004***

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The Intermediary Relending Program experienced a deficiency because principal payments on long-term debt are reported as expenditures by the governmental funds. For the year ended June 30, 2004, principal payments totaled \$66,843. In addition, the Intermediary Relending Program experienced loan losses total \$19,393 as a result of default on loans originated under the program.

A portion of the funds provided by the Delta Regional Authority remained unexpended at year end. The unexpended funds will be fully expended in the subsequent fiscal year.

#### **GENERAL FUND BUDGET HIGHLIGHTS**

Kisatchie-Delta is a non-profit organization governed by a Board of Directors that is appointed by various governmental units. Since it is organized as a nonprofit organization, Kisatchie-Delta is not required to adopt or amend budgets for its funds and no budget comparisons are presented.

#### **CAPITAL ASSET ADMINISTRATION**

Capital asset activity for the year ended June 30, 2004 is limited to minor additions to office equipment necessary to replace items consumed as a result of ordinary wear.

#### **DEBT ADMINISTRATION**

For the year ended June 30, 2004, debt activity was limited to the contractual maturity of existing obligations and changes in compensated absences.

#### **FACTORS EXPECTED TO EFFECT FUTURE OPERATIONS**

At the present time, no significant factors are expected to effect further operations.

# **KISATCHIE-DELTA**

## **REGIONAL PLANNING AND DEVELOPMENT DISTRICT, INC.**

### **Statement of Net Assets**

**June 30, 2004**

	<u>Governmental Activities</u>
<b><u>Assets</u></b>	
Cash and cash equivalents	\$ 350,405
Accounts Receivable	45,663
Other assets	1,183
Loans receivable, net of allowance for loan losses	786,446
Depreciable capital assets, net	<u>5,702</u>
<b>Total assets</b>	<u>1,189,399</u>
 <b><u>Liabilities:</u></b>	
Accounts and other payables	11,214
Long-term liabilities	
Accrued leave	9,646
Note Payable - USDA	
Due within one year	67,511
Due in more than one year	<u>1,407,355</u>
<b>Total liabilities</b>	<u>1,495,726</u>
 <b><u>Net Assets</u></b>	
Invested in capital assets, net of related debt	5,702
Unrestricted	<u>(312,029)</u>
<b>Total net assets (deficit)</b>	<u>\$ (306,327)</u>

The accompanying notes are an integral part of the financial statements.

# KISATCHIE-DELTA

## REGIONAL PLANNING AND DEVELOPMENT DISTRICT, INC.

### Statement of Activities

Year Ended June 30, 2004

	Expenses	Program Revenues			Net (Expenses) Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants & Contributions	
<b>Governmental Activities:</b>					
General Government					
Finance and Administration	\$ 22,654	\$ -	\$ -	\$ -	\$ (22,654)
Economic Development					
Federal Procurement	47,034	-	45,402	-	(1,632)
EDA Regional Planning	69,218	-	50,000	-	(19,218)
Business Loans	99,891	85,662	-	-	(14,229)
Enterprise Zone Projects	10,104	-	9,250	-	(854)
Rural Business Enterprise	5,020	-	4,429	-	(591)
Renewal Community Projects	7,829	-	8,250	-	421
Delta Regional Assistance	30,999	-	42,000	-	11,001
Hazard Mitigation Assistance	15,442	15,440	-	-	(2)
Total Governmental Activities	308,191	101,102	159,331	-	(47,758)

### General Revenues:

Membership Dues	39,150
Miscellaneous	6,584
Total General Revenues	45,734
Change in Net Assets	(2,024)
Net Assets Beginning	(304,303)
Net Assets Ending	\$ (306,327)

The accompanying notes are an integral part of the financial statements.

**KISATCHIE-DELTA**  
**REGIONAL PLANNING AND DEVELOPMENT DISTRICT, INC.**

**Balance Sheet**  
**Governmental Funds - June 30, 2004**

	General	EDA	Intermediary Relending	Federal Procurement	Delta Regional Authority	Other Governmental Funds	Total Governmental Funds
<u>Assets</u>							
Cash and cash equivalents	\$ 99,831	\$ -	\$ 250,574	\$ -	\$ -	\$ -	\$ 350,405
Accounts receivable	588	25,000	7,233	2,542	-	10,300	45,663
Interfund receivables	-	-	-	3,996	11,810	46,337	62,143
Other assets	1,183	-	-	-	-	-	1,183
Loans receivable, net of allowance for loan losses	-	-	786,446	-	-	-	786,446
Total assets	101,602	25,000	1,044,253	6,538	11,810	56,637	1,245,840

Liabilities and Fund Balance

<u>Liabilities:</u>							
Accounts and other payables	2,218	1,464	2,443	375	809	3,905	11,214
Interfund payables	24,942	8,124	20,412	-	-	8,665	62,143
Total liabilities	27,160	9,588	22,855	375	809	12,570	73,357

Fund Balance

General Fund	74,442	-	-	-	-	-	74,442
Special Revenue Funds	-	15,412	1,021,398	6,163	11,001	44,067	1,098,041
Total Fund Balances	74,442	15,412	1,021,398	6,163	11,001	44,067	1,172,483
Total Liabilities and Fund Balance	\$ 101,602	\$ 25,000	\$ 1,044,253	\$ 6,538	\$ 11,810	\$ 56,637	\$ 1,245,840

The accompanying notes are an integral part of the financial statements

# **KISATCHIE-DELTA**

## **REGIONAL PLANNING AND DEVELOPMENT DISTRICT, INC.**

### ***Reconciliation of Fund Balances on the Balance Sheet for Governmental Funds to Net Assets of Governmental Activities on the Statement Net Assets***

***June 30, 2004***

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Total Fund Balances - Governmental Funds	\$ 1,172,483
Amounts reported for governmental activities in the statement of net assets are different because:	
Long term liabilities are not due and payable in the current period and therefore they are not reported in the Governmental Fund Balance Sheet	(1,484,512)
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	<u>5,702</u>
Net Assets of Governmental Activities	<u>\$ (306,327)</u>

**The accompanying notes are an integral part of the financial statements.**

# KISATCHIE-DELTA

## REGIONAL PLANNING AND DEVELOPMENT DISTRICT, INC.

### Statement of Revenues, Expenditures and Changes in Fund Balance Governmental Funds - Year Ended June 30, 2004

	General	EDA	Intermediary Relending	Federal Procurement	Delta Regional Authority	Other Governmental Funds	Total Governmental Funds
<u>Revenues:</u>							
Grants - Federal	\$ -	\$ 50,000	\$ -	\$ 45,402	\$ 42,000	\$ 4,429	\$ 141,831
State funds	-	-	-	-	-	17,500	17,500
Local funds	-	-	-	-	-	15,440	15,440
Membership dues	39,150	-	-	-	-	-	39,150
Interest and fees from loans	15,593	-	70,069	-	-	-	85,662
Miscellaneous	3,382	-	2,792	-	-	410	6,584
Total revenues	58,125	50,000	72,861	45,402	42,000	37,779	306,167
<u>Expenditures:</u>							
Current							
General Government	18,978	-	-	-	-	-	18,978
Finance and Administration	-	-	-	-	-	-	-
Economic Development	-	-	-	47,034	-	-	47,034
Federal Procurement	-	69,218	-	-	-	-	69,218
EDA Regional Planning	19,254	-	65,220	-	-	-	84,474
Business Loans	-	-	-	-	-	-	-
Enterprise Zone Projects	-	-	-	-	-	10,104	10,104
Rural Business Enterprise	-	-	-	-	-	5,020	5,020
Renewal Community Projects	-	-	-	-	-	7,829	7,829
Delta Regional Assistance	-	-	-	-	30,999	-	30,999
Hazard Mitigation Assistance	-	-	-	-	-	15,442	15,442
Debt Service	-	-	82,260	-	-	-	82,260
Total expenditures	38,232	69,218	147,480	47,034	30,999	38,395	371,358
Excess (deficiency) of revenues over expenditures	19,893	(19,218)	(74,619)	(1,632)	11,001	(616)	(65,191)

The accompanying notes are an integral part of the financial statements

# KISATCHIE-DELTA

## REGIONAL PLANNING AND DEVELOPMENT DISTRICT, INC.

### Statement of Revenues, Expenditures and Changes in Fund Balance Governmental Funds - Year Ended June 30, 2004

	General	EDA	Intermediary Relending	Federal Procurement	Delta Regional Authority	Other Governmental Funds	Total Governmental Funds
Excess (deficiency) of revenues over expenditures	19,893	(19,218)	(74,619)	(1,632)	11,001	(616)	(65,191)
<u>Other Financing Sources (Uses):</u>							
Operating transfers in (out)	(22,219)	18,000	-	3,370	-	849	-
Excess (deficiency) of revenues and other resources over (under) expenditures and other uses	(2,326)	(1,218)	(74,619)	1,738	11,001	233	(65,191)
Fund balance - beginning of year	76,768	16,630	1,096,017	4,425	-	43,834	1,237,674
Fund balance - end of year	\$ 74,442	\$ 15,412	\$ 1,021,398	\$ 6,163	\$ 11,001	\$ 44,067	\$ 1,172,483

The accompanying notes are an integral part of the financial statements

# **KISATCHIE-DELTA**

## **REGIONAL PLANNING AND DEVELOPMENT DISTRICT, INC.**

### ***Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of Governmental Funds to the Statement of Activities***

***Year Ended June 30, 2004***

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Net change in fund balances of Governmental Funds	\$ (65,191)
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over estimated useful lives and reported as depreciation expense. Capital outlays and depreciation are presented as follows:	
Capital Outlay	1,021
Depreciation	(3,890)
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures by governmental funds.	(807)
Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.	<u>66,843</u>
Change in net assets of governmental activities	<u>\$ (2,024)</u>

**The accompanying notes are an integral part of the financial statements.**

# **Kisatchie-Delta**

## **Regional Planning and Development District**

### **Notes to Financial Statements**

**June 30, 2004**

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#### **NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Kisatchie-Delta Regional Planning and Development District, Inc. is a non-profit organization organized under the Laws of the State of Louisiana. The District represents a portion of Central Louisiana that includes eight (8) parishes. Kisatchie-Delta is governed by a Board of Directors and members of the Board are appointed by the governing bodies of various political subdivisions that lie within the boundaries of the District.

Kisatchie-Delta was organized in order to promote economic development and alleviate unemployment. Its activities are financed by Federal and State grants, as well as support from local governmental units. Since Kisatchie-Delta is financed by governmental sources and, since its Board of Directors is appointed by various local governments, Kisatchie-Delta is considered to be a quasi-governmental unit for financial reporting purposes. The accompanying financial statements were prepared in conformity with generally accepted accounting principles for governmental units.

The following is a summary of certain significant accounting policies and practices:

#### **Financial Reporting Entity**

Kisatchie-Delta is considered a legally separate stand-alone government as defined by Statement No. 14 of the Governmental Accounting Standards Board. The reporting entity is composed of the funds and account groups that are under the direct control of the Board of Directors. Kisatchie-Delta is not financially accountable for any organizations that maintain separate legal standing; therefore, it has no component units.

#### **Basic Financial Statements**

All of Kisatchie-Delta's operations are classified as governmental activities. Governmental activities involve government services that are normally supported by intergovernmental revenues and certain fees. The basic financial statements include both government-wide and fund financial statements. The government-wide and fund financial statements present the District's financial position and results of operations from differing perspectives which are described as follows:

#### **Government-Wide Financial Statements**

The Statement of Net Assets and the Statement of Activities display information about Kisatchie-Delta as a whole. The effect of interfund activity is eliminated from these financial statements. Furthermore, government-wide financial statements exclude any fiduciary activities which are reported in the fund financial statements.

Program revenues reported in the Statement of Activities consist of amounts that are directly associated with a governmental service. Program revenues include charges for services, fees, contributions associated with a particular function and most grants.

# **Kisatchie-Delta**

## **Regional Planning and Development District**

### **Notes to Financial Statements**

**June 30, 2004**

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#### **Fund Financial Statements**

Funds are separate accounting entities that are designed to assist with demonstrating legal compliance and segregating transactions by activity. Major individual funds are reported as separate columns in the fund financial statements. The District's major funds are described as follows:

- **General Fund** – The general fund is the primary operating fund and is used to account for all governmental activities that are not required to be presented elsewhere.
- **EDA** – This fund accounts for activity related to regional planning activities supported by EDA grants and local matching funds.
- **Intermediary Relending** – This fund accounts for revolving loan activity that is financed by a loan from the United States Department of Agriculture.
- **Federal Procurement** – This fund accounts for assistance provided to business that are interested in doing business with federal agencies. Federal procurement is financed with grant funds provided by the Louisiana Productivity Center and local matching funds.
- **Delta Regional Authority** – This fund is used to account for economic development activity conducted with funds provided by the Delta Regional Authority.

#### **Basis Of Accounting and Measurement Focus**

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied. The basis of accounting and measurement focus used for various financial statement presentations are described as follows:

<b><u>Financial Statement Presentation</u></b>	<b><u>Basis of Accounting</u></b>	<b><u>Measurement Focus</u></b>
Government-Wide Financial Statements	Accrual Basis	Economic Resources
Fund Financial Statements	Modified Accrual Basis	Current Financial Resources

Under the accrual basis of accounting and the economic resources measurement focus, revenues are recorded when earned and expenses are recorded when a liability is incurred.

Under the modified accrual basis of account and the current financial resources measure focus revenue is recognized when it is considered measurable and available. Revenue is considered available if it is collected within 90 days of year end. In addition, expenses are generally recorded when a liability has been incurred. Furthermore, when the current financial resources measurement focus is used, amounts recorded as assets exclude capital assets and the acquisition of capital assets is treated as an expenditure. In addition, long-term debts are excluded from amounts reported as liabilities.

# **Kisatchie-Delta**

## **Regional Planning and Development District**

### **Notes to Financial Statements**

**June 30, 2004**

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Proceeds from issuing long-term debt is reported as an other financing source and repayment of long-term debt is reported as an expenditure.

#### **Accumulated Unpaid Vacation**

The District's employees earn from one to one and a half hours of vacation pay for every twenty hours worked depending upon their length of service. Vacation time not taken may be carried forward to subsequent periods; but upon termination, no more than thirty days of accrued vacation will be paid to the employee. Earned vacation has been charged to the funds based on the same allocation as regular salary.

#### **Capital Assets**

Capital assets include significant acquisitions of equipment that are expected to remain in service for a period of years. Capital assets are reported in the government-wide financial statements but are excluded from the fund financial statements. Instead, the funds report the acquisition of capital assets as expenditures rather than asset acquisitions. Capital assets are depreciated using the straight-line method and useful lives ranging from 5 years to 7 years.

#### **Interfund Receivables And Payables**

Amounts of cash held or disbursed by the General Fund on behalf of other funds are recorded as Interfund Payables and Receivables. These Interfund Payables and Receivables are eliminated from the government-wide financial statement presentation.

#### **Loans And Allowance For Loan Losses**

Loans are reported at the amount of unpaid principal reduced by an allowance for loan losses. The allowance for loan losses is based on an amount that management believes will be adequate to absorb potential losses on existing loans. The allowance is established through a provision for loan losses charged to expenditures. Loans are charged against the allowance for loan losses when management believes that the collectability of principal is unlikely.

#### **Cash And Cash Equivalents**

Cash includes amounts in demand deposits, interest-bearing demand deposits, and money market accounts. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less. Under state law, the District may deposit funds in demand deposits, interest-bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

#### **Use Of Estimates**

The preparation of financial statement in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**Kisatchie-Delta**  
**Regional Planning and Development District**

**Notes to Financial Statements**  
**June 30, 2004**

**Budgets**

As discussed previously, Kisatchie-Delta is organized as a non-profit corporation rather than a political subdivision. Accordingly, Kisatchie-Delta is not required to prepare a formal budget or present budget comparisons with its financial statements.

**New Financial Reporting Model:**

As required by GASB Statement 34, for the year ended June 30, 2004, Kisatchie-Delta has implemented a new financial reporting model. The new financial reporting model has resulted in numerous changes to accounting methods and financial statement presentation. Due to the nature and volume of the changes, the financial statements for the year ended June 30, 2004 cannot be readily compared to reports issued for previous years.

**NOTE 2 – INTERNAL BALANCES AND ACTIVITY**

The interfund receivables and payables at June 30, 2004 are as follows:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Fund	\$ ----	\$ 24,942
Special Revenue Funds:		
Economic Development Administration	----	8,124
Intermediary Relending	----	20,412
Federal Procurement	3,996	----
Delta Regional Authority	11,810	----
Other Governmental Funds	46,337	8,665
<b>Total</b>	<b>\$ 62,143</b>	<b>\$ 62,143</b>

Various funds deposit cash into a single bank account and money is disbursed from the account on behalf of these funds. This commingling of resources results in the interfund receivables and payables presented above.

In order to provide matching funds required by certain grants, the general fund transfers resources provided by membership dues to various programs. These transfers are presented as follows:

# **Kisatchie-Delta**

## **Regional Planning and Development District**

### **Notes to Financial Statements**

**June 30, 2004**

	<u>Operating Transfers In</u>	<u>Operating Transfers Out</u>
General Fund	\$ ----	\$ 22,219
Special Revenue Funds:		
Economic Development Administration	18,000	----
Federal Procurement	3,370	----
Other Governmental Funds	849	----
<u>Total</u>	<u>\$ 22,219</u>	<u>\$ 22,219</u>

### **NOTE 3 – CAPITAL ASSETS**

Changes in capital assets are presented as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Ending Balance</u>
<b><u>Depreciable Capital Assets</u></b>				
Furniture, Fixtures and Equipment	\$ 39,156	\$ 1,022	\$ (632)	\$ 39,546
Accumulated Depreciation	(30,586)	(3,890)	632	(33,844)
<u>Total</u>	<u>\$ 8,570</u>	<u>\$ (2,868)</u>	<u>\$ ----</u>	<u>\$ 5,702</u>

Capital assets are limited to furniture, fixtures and equipment used in the administration of Kisatchie-Delta's activities. Accordingly, depreciation expense reported in the accompanying government-wide financial statements is reported as a finance and administrative expense.

### **NOTE 4 - INTERMEDIARY RELENDING PROGRAM**

Kisatchie-Delta has been selected to participate in the Intermediary Relending Program sponsored by the United States Department of Agriculture. As an intermediary, Kisatchie-Delta has borrowed \$2,000,000 from the Farmers Home Administration at an interest rate of one percent (1%). Funds borrowed from the Farmers Home Administration were used to create a portfolio of revolving loans to eligible borrowers within the Kisatchie-Delta District.

As of June 30, 2004, the loan portfolio consist of ten (12) loans that are secured by a variety of collateral that includes real estate, equipment and inventories. The amount currently outstanding is presented as follows:

Loans Receivable	\$ 1,200,703
Allowance for Loan Losses	(414,257)
<u>Loans (net)</u>	<u>\$ 786,446</u>

# **Kisatchie-Delta**

## **Regional Planning and Development District**

### **Notes to Financial Statements**

**June 30, 2004**

An analysis of activity effecting the allowance for loan losses for the year ended June 30, 2004 is presented as follows:

<u>Allowance For Loan Losses:</u>	
Balance, Beginning of the Year	\$ 394,864
Provision for Bad Debts	19,393
Loans Charged Off	----
Recoveries	----
<u>Balance, End of the Year</u>	<u>\$ 414,257</u>

### **NOTE 5 - LONG-TERM DEBT**

The following is a summary of long-term debt transactions for the year ended June 30, 2004

	<u>Accrued Leave Liability</u>	<u>Farmers Home Administration</u>	<u>Total</u>
Beginning of Year	\$ 8,838	\$ 1,541,709	\$ 1,550,547
Additions	808	----	808
Long-term Debt Retired	----	66,843	66,843
End of Year	9,646	1,474,866	1,484,512
Due Within One Year	----	67,511	67,511
Due in More Than One Year	\$ 9,646	\$ 1,407,355	\$ 1,417,001

Notes payable at June 30, 2004 are comprised of the following general obligations:

A \$2,000,000 loan from the USDA at 1% for the purpose of financing Kisatchie-Delta's participation in the Intermediary Relending Program. Interest is due in semi-annual installments beginning July 8, 1994. Principal and interest will be paid in a series of equal installments beginning February 8, 1997 and continuing for a period of thirty (30) years. The note is secured by Kisatchie-Delta's intermediary loan portfolio.

	\$ 1,474,866
<u>Total General Obligations</u>	<u>\$ 1,474,866</u>

Since Kisatchie-Delta's general obligations were incurred to finance the IRP loan program, the IRP loan fund has provided resources to service the general obligation debt. In addition, interest incurred in connection with the general obligations has been reported in the Statement of Activities as a

# **Kisatchie-Delta**

## **Regional Planning and Development District**

### **Notes to Financial Statements**

**June 30, 2004**

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business loan program expense. For the year ended June 30, 2004, the business loan program expenses included interest expense totaling \$15,417.

Future payment of principal and interest on outstanding general obligations is presented as follows:

<u>Year Ended June 30<sup>th</sup></u>	<u>Principle</u>	<u>Interest</u>	<u>Total</u>
2005	\$ 67,511	\$ 14,749	\$ 82,260
2006	68,186	14,074	82,260
2007	68,868	13,392	82,260
2008	69,557	12,703	82,260
2009	70,253	12,007	82,260
2010 – 2014	361,942	49,358	411,300
2015 – 2019	380,405	30,895	411,300
2020 – 2024	388,144	11,490	399,634
<u>Total</u>	<u>\$ 1,474,866</u>	<u>\$ 158,668</u>	<u>\$ 1,633,534</u>

### **NOTE 6 - ACCOUNTS RECEIVABLE**

Accounts receivable at June 30, 2004 are presented as follows:

Grant contracts	\$ 34,260
Service fees	1,855
Refunds	9,548
<u>Total</u>	<u>\$ 45,663</u>

### **NOTE 7 - COMPENSATION OF BOARD MEMBERS**

During the year, no compensation was paid to any member of the District's Board of Directors.

### **NOTE 8 - CASH**

At June 30, 2004 the District's cash balances totaled \$350,405 (Book Balance) and \$360,802 (Bank Balance). Deposits are secured from risk by \$208,175 in Federal Deposit Insurance and pledged securities (uncollateralized, GASB Category 3) with a market value of \$427,487. Even though the pledged securities are considered uncollateralized (Category 3) under the provision of GASB Statement 3, State Law imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within ten (10) days of being notified that the fiscal agent has failed to pay deposited funds upon demand.

# **Kisatchie-Delta**

## **Regional Planning and Development District**

### **Notes to Financial Statements**

**June 30, 2004**

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#### **NOTE 9 - RISK MANAGEMENT:**

Kisatchie-Delta is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks of loss are covered by a comprehensive commercial insurance policy and workers compensation insurance. Claims resulting from these risks have historically not exceeded insurance coverage.

#### **NOTE 10 - FUND BALANCES**

At June 30, 2004, the following funds reported deficit balances:

Enterprise Zone	\$ 3,177
RBEG	290
<u>Total Deficits</u>	<u>\$ 2,871</u>

The General Fund will provide operating transfers to eliminate any deficit that cannot be eliminated through ordinary operations.

# KISATCHIE-DELTA

## REGIONAL PLANNING AND DEVELOPMENT DISTRICT, INC.

### Combining Statement of Revenues, Expenditures and Changes in Fund Balance

#### Non Major Governmental Funds - Year Ended June 30, 2004

	Enterprise Zone	RBEG	Renewal Community	Reappor- tionment	Avoyelles Flood Plan	Hazard Mitigation	Total
<b>Revenues:</b>							
Grants - Federal	\$ -	\$ 4,429	\$ -	\$ -	\$ -	\$ -	\$ 4,429
State funds	9,250	-	8,250	-	-	-	17,500
Local funds	-	-	-	-	-	15,440	15,440
Miscellaneous	-	-	410	-	-	-	410
Total revenues	9,250	4,429	8,660	-	-	15,440	37,779
<b>Expenditures:</b>							
General Government							
Enterprise Zone Projects	10,104	-	-	-	-	-	10,104
Rural Business Enterprise	-	5,020	-	-	-	-	5,020
Renewal Community Projects	-	-	7,829	-	-	-	7,829
Hazard Mitigation Assistance	-	-	-	-	-	15,442	15,442
Total expenditures	10,104	5,020	7,829	-	-	15,442	38,395
Excess (deficiency) of revenues over expenditures	(854)	(591)	831	-	-	(2)	(616)
<b>Other Financing Sources (Uses):</b>							
Operating transfers in (out)	-	849	-	-	-	-	849
Excess (deficiency) of revenues and and other resources over other resources over (under) expenditures and other uses	(854)	258	831	-	-	(2)	233
Fund balance - beginning of year	(2,323)	(548)	-	35,131	11,206	368	43,834
Fund balance - end of year	(3,177)	(290)	831	35,131	11,206	366	44,067

The accompanying notes are an integral part of the financial statements

# **Rozier, Harrington & McKay**

## **Certified Public Accountants**

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September 16, 2004

### **INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF GENERAL PURPOSE FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Kisatchie-Delta Regional Planning  
and Development District  
Alexandria, Louisiana

We have audited the basic financial statements of the Kisatchie-Delta Regional Planning and Development District, as of and for the year ended June 30, 2004 and have issued our report thereon dated September 16, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

#### **Compliance**

As part of obtaining reasonable assurance about whether Kisatchie-Delta's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

#### **Internal Control Over Financial Reporting**

In planning and performing our audit, we considered Kisatchie-Delta's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We

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***KISATCHIE-DELTA REGIONAL PLANNING AND DEVELOPMENT DISTRICT***

***SEPTEMBER 16, 2004***

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noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended for the information of management. However, this report is a matter of public record and its distribution is not limited.



**ROZIER, HARRINGTON & MCKAY**  
Certified Public Accountants

**KISATCHIE-DELTA**  
**REGIONAL PLANNING AND DEVELOPMENT DISTRICT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COST**  
**FOR THE YEAR ENDED JUNE 30, 2004**

We were engaged to audit the financial statements of Kisatchie-Delta Regional Planning and Development District as of and for the year ended June 30, 2004, and have issued our report thereon dated September 16, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our report expresses an unqualified opinion on the financial statements for the year ending June 30, 2004.

**SECTION I - SUMMARY OF AUDITOR'S RESULTS:**

a. The report on internal control and compliance material to the financial statements reported the following items:

- Internal Control – There were no reportable conditions
- Compliance – No noncompliance that is material to the financial statements.

b. Federal Awards:

- N/A, Federal Awards received during the year ended June 30, 2004 were not sufficient in amount to require a single audit.

c. Identification of Major Programs:

- N/A

**SECTION II - FINDINGS RELATING TO THE FINANCIAL STATEMENTS WHICH ARE REQUIRED TO BE REPORTED IN ACCORDANCE WITH GENERALLY ACCEPTED GOVERNMENTAL AUDITING STANDARDS:**

- None

**SECTION III - FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS WHICH SHALL INCLUDE AUDIT FINDINGS AS DEFINED BY OMB CIRCULAR A-133:**

- None

**KISATCHIE-DELTA**  
**REGIONAL PLANNING AND DEVELOPMENT DISTRICT**  
**MANAGEMENT'S CORRECTIVE ACTION PLAN**  
**FOR THE YEAR ENDED JUNE 30, 2004**

<b>SECTION I</b>	
<b>INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS.</b>	
No findings were reported in the schedule of findings and questioned costs.	Response - N/A
<b>SECTION II</b>	
<b>INTERNAL CONTROL AND COMPLIANCE MATERIAL TO FEDERAL AWARDS</b>	
No findings were reported in the schedule of findings and questions cost.	Response - N/A
<b>SECTION III</b>	
<b>MANAGEMENT LETTER</b>	
No findings were reported in the schedule of findings and questions cost.	Response - N/A

**KISATCHIE-DELTA**  
**REGIONAL PLANNING AND DEVELOPMENT DISTRICT**  
**SCHEDULE OF PRIOR YEAR FINDINGS**  
**FOR THE YEAR ENDED JUNE 30, 2004**

<b>SECTION I</b> <b>INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS.</b>	
No findings of this nature were reported as a result of the previous audit.	Response – N/A
<b>SECTION II</b> <b>INTERNAL CONTROL AND COMPLIANCE MATERIAL TO FEDERAL AWARDS</b>	
No findings of this nature were reported as a result of the previous audit.	Response – N/A
<b>SECTION III</b> <b>MANAGEMENT LETTER</b>	
No findings of this nature were reported as a result of the previous audit.	Response – N/A